



COMMITTEE TO RE-ELECT
TRENT FRANKS TO CONGRESS

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FEDERAL ELECTION
COMMISSION

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CELA

July 13, 2012

Federal Election Commission
Office of General Counsel
Washington, DC 20463

RE: RR 12L-2#

Dear Counselor(s):

Thank you for the opportunity to respond to your letter bringing to my attention the concern of a possible violation of FEC law. I have reviewed in detail the referral document and am submitting a summary of additional factual information and explanation in order to clarify and address the concerns raised by the Commission.

Your letter states specifically that "the Committee has been referred for amending its 2009 Year-End, 2010 April Quarterly, 2010 July Quarterly 2010 12 Day Pre-Primary, 2010 October Quarterly, 2010 12 Day Pre-General, 2010 30 Day Post-General, 2010 Year-End and 2011 October Quarterly Reports to disclose an additional disbursements... and additional debts which were not reported on the original reports."

The following explanations/information responds to the items under III-BACKGROUND in your letter to me:

SUMMARY

All of the issues pertaining to a failure to report stem from one specific period of time during which the Committee contracted the services of Base Connect, a mail house provider, and hired an assistant to help manage the Committee's reporting activities associated with Base Connect. Base Connect used several sub contracting entities to fulfill the mailing services and managed a separate bank account for the Committee in relation to their services. The money received from the mailings were all caged and deposited by Base Connect to the account they managed; additionally, the invoices received by the sub contractors and the bills paid against those invoices were all handled by Base Connect and a quarterly report was sent to the Committee in order to upload the numbers into our campaign software from which we filed our reports. To be clear, the Committee was not being billed directly for the services of the sub contractors. The revenues and expenses were all put in Base Connect's internal accounting and was simply delivered to the Committee on a multiple tabbed spreadsheet.

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The Committee retained an employee familiar with accounting practices to assist with this relationship with Base Connect and the additional labor of data entry and filing of reports. The first two reports in Q1 and Q2 of 2009 did not report debt reflected on a Schedule-D. In Q3 of 2009 the debt reported from Base Connect was zero which was reflected on the Schedule-D that was filed on 10/14/2009. From the YE-2009 throughout 2010 Base Connect evidently submitted reports to the Committee and the assistant uploaded the data and filed the reports from our campaign software, but failed to report debts on a Schedule-D. We have no idea why she failed to report this debt properly. She was let go at the beginning of 2011 when a decision was made to no longer use that mail house provider and prior to us discovering these omissions.

I did not become aware of the error and failure to report until April 2011. When working with Base Connect to address a Feb. 23, 2011 RFAI about another matter on some 2010 filings, the contractor from Base Connect, Scott MacKenzie, who had worked with our assistant on the previous reports and was the designated accountant from Base Connect, pointed out that our debt was not reported on a Schedule-D for those 2010 filings. In addition to amending reports on Apr. 15, 2011 for the errors against the Feb. 23, 2011 RFAI, we also amended reports to reflect the debt that Mr. MacKenzie highlighted. Please note, this self-disclosure was done in good faith as soon as and to the degree of my understanding of this requirement that had not been met by our employee.

This new report triggered another RFAI dated May 16, 2011 asking to explain the previously unreported debt. In our research, we looked at previous reports as far back as YE 2009 and had not seen the Schedule-D being used and thought the hired assistant had never been required to report debt. This is what we explained in a Form 99 response on June 20, 2011. It was not until further research that we discovered she did in fact receive information from Base Connect and reported it correctly, but only for the first 3 quarters when filing against the Base Connect reports. We can only conclude that her error was a clerical and human one. She was assisted by Base Connect on the first few reports, but must have not been clear going forward. We simply do not have a better explanation.

After our June 20, 2011 Form 99, I had several conversations with PEC Analyst Kendra Hannan. When we realized that several filings had omitted the Schedule-D debt, it was suggested that all reports from the original amended report to current filings be amended as the unreported debt in one period would impact the subsequent reports. This was recommended, even though our current filing as of April 15, 2011 did reflect the current and correct debt.

While amending the reports I requested additional information from Base Connect for periods that I had limited records for, and upon receiving the data I discovered many errors with Base Connect and their vendors. They paid invoices that I had no record of on their spreadsheet tab of unpaid bills. Base Connect would receive a new bill and make payment on that bill during the same quarter without any record to the campaign. Base Connect and/or some of their vendors also had a tendency to bill clients late. This was the problem that generated the RFAI dated 11/23/11. For example, when we filed the October Quarterly Report there was no debt reported for the vendor, Consolidated Mailing Services. In the 4th quarter for that period, we received two invoices dated 9/30/09 which obviously fell in the prior period.

When the YE report was generated it pulled the two invoices dated 9/30/09 and created the "outstanding beginning balance". The October 2009 quarterly report was amended on 7/11/2012 to reflect the correction above.

Regarding that RFAI dated 11/23/11 and a failure to respond: I was not aware of this request for additional information. I did not receive a hard copy in the mail nor any electronic correspondence referencing the RFAI. I only learned about the request in conjunction with this referral. Upon further investigation I did discover the RFAI on the website. However, because the report in question is dated in 2009, the RFAI was listed much further down and not easily visible on the website unless you scroll down quite a bit to find it. Since I had been amending the reports, I was monitoring the FEC website several times a week, but did not know an RFAI would be listed in order of the reporting period and failed to see it. The questions on that RFAI were answered with the amended October 2009 quarterly report submitted on 7/11/12.

I am available to answer any and all questions about this referral. It is my sincere desire and my historical practice to comply with every aspect of the FEC laws. For the record, the Committee has terminated the services of Base Connect and the services of the assistant who aided in data entry during this period. I know that we are ultimately responsible for the accurate reporting, but I do not know what our liabilities are when we encounter errors and omissions by vendors or employees we retained. We have made every good faith effort to communicate, correct and comply with the FEC openly and honestly when errors were discovered and remain committed to amending or otherwise reporting any and all activities of the Committee in accordance with legal and ethical standards as we have always done.

Thank you for your assistance in bringing this matter to a conclusion that maintains the integrity of this Committee and me as its Treasurer.

Most sincerely,



Lisa Teschler
Treasurer
Committee to Re-Elect Trent Franks to Congress

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